

**Testimony of Edward Michaels in Support of HB6151
Labor and Public Employees Committee Public Hearing
February 26, 2013**

Chairman Osten, Chairman Tercyak, Ranking Member Markley, Ranking Member Smith, and the other distinguished members of the Labor and Public Employees Committee, thank you for taking the time to listen to my testimony in favor of House Bill 6151, An Act Concerning Certain Operators of Motor Vehicles and Eligibility for Unemployment Benefits.

My name is Edward Michaels and I am a resident of West Hartford, CT. In addition, I am the owner of American Transportation & Logistics in Windsor Locks, CT. American Transportation is a truckload carrier delivering refrigerated and dry products throughout the United States.

Since deregulation of the trucking industry almost thirty years ago our competition is based throughout the United States. Our competitors include other trucking companies, 3rd Party Logistics Coordinators, Brokers, and the Internet load boards. These trucking companies come from all over the US and pick up freight in Connecticut.

Some of the Connecticut Companies we service today include King Koil Mattress, Gold Bond Mattress, Country Pure Foods, Garbo Lobster Co., and Celebration Foods to name a few. These customers also use trucking companies not based in CT.

The pricing model in the truckload industry is based on a fixed component with a variable for the changing price of fuel. To control costs and survive in the industry almost of the asset based trucking companies use a business model that includes owner operators or independent contractors where the trucking companies can fix their costs. There are too many variables on the road such as weather, traffic, mechanical issues, and other delays that the use of an employee makes the companies pricing model uncompetitive and the shippers will not use your services.

The independent contractors we hire are people who want to own their own truck and do this kind of work. They have their own truck, federal tax identification number, USDOT number, truck insurance, worker's compensation, and pay all the applicable taxes associated with owning a business including property tax on the equipment, tolls, and fuel taxes. They like the freedom of choosing when and where they want to go and how to get there.

The issue in CT is the owner operator fails the state's ABC test to determine independent contractor status (which does not exist in several of the states where my competitors are based). A person is deemed an employee if they choose to only work for one carrier or trucking company during a calendar year. These contractors are free to work for who ever they want but many of them stay with the same trucking company because they are provided work that they enjoy doing and they are able to make a sufficient living. At any time they can chose to move to another carrier if they feel they can improve their business model.

If a modification in the ABC test along the lines in the proposed bill is not granted I will be forced to either close my business or move it to a state where I am on a level playing ground with my competitors. I do not want to do that as I have a family and have lived in CT my entire life.

Thank you for your time.